

TENNESSEE REGULATORY AUTHORITY

Deborah Taylor Tate, Chairman
Pat Miller, Director
Sara Kyle, Director
Ron Jones, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

December 18, 2003

VIA FACSIMILE AND U.S. MAIL

Kendrick R. Riggs, Esq.
Ogden Newell & Welsh
1700 PNC Plaza
500 West Jefferson St.
Louisville, KY 40202

**RE: Petition of L G & E Energy Corp.
Docket No. 03-00640**

Dear Mr. Riggs:

This letter is written in response to your client's request for a review of the anticipated transaction as set forth in the letter from D. Billye Sanders to Chairman Deborah Taylor Tate dated December 10, 2003 and filed in the above styled docket. The Tennessee Regulatory Authority's jurisdiction to review this proposed transaction derives from the operations of Kentucky Utilities Company in the State of Tennessee.

Based on the information provided in Ms. Sanders' letter and provided during our telephone conversation on December 17, 2003, it is my understanding that the proposed transaction involves only a change in the corporate structure of LG&E Energy Corp. to a limited liability company.¹ This transaction will not impact E.ON AG, the ultimate owner of Kentucky Utilities Company and LG&E Energy Corp or E.ON U S Investments Corp., the direct parent of LG&E Energy Corp. The transaction will not change, modify or impact the ultimate ownership of Kentucky Utilities Company.

The Tennessee Regulatory Authority reviews merger transactions under Tenn. Code Ann. § 65-4-112 and where the owner of a public utility is involved in such merger, the Authority will review for approval purposes. Also, where the transaction, through the purchase of assets or merger, results in a change or transfer of control of the certificate of public convenience and necessity held by a public utility in Tennessee, the Authority will review for approval such a transaction pursuant to Tenn. Code Ann. § 65-4-113.

¹ Kentucky Utilities Company and Louisville Gas and Electric Company are subsidiaries of LG & E Energy Corp.

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Based on the information provided, the transaction described in this docket does not involve a change of ownership or a transfer of control of authority to provide services as held by Kentucky Utilities Company. For this reason, the Tennessee Regulatory Authority is not required to take action regarding this transaction. In reaching this conclusion, I am also mindful of the fact that the operations of Kentucky Utilities Company in this state are extremely limited (a total of five customers) and that Kentucky Utilities Company is fully regulated by the Kentucky Public Service Commission and the Virginia State Corporation Commission. This conclusion is based solely on the facts as presented in this situation and should not be construed as a statement of general policy regarding the Tennessee Regulatory Authority's jurisdiction to review transactions under Tenn. Code Ann. § 65-4-112 or § 65-4-113.

Should you have any questions regarding this letter, please do not hesitate to contact me. No further action being required, we shall proceed to close administratively this docket.

Very truly yours,



J. Richard Collier
General Counsel

cc: Deborah Taylor Tate, Chairman
D. Billye Sanders, Esq.
Docket File No. 03-00640